ACQUISITION STRATEGIES

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Making an acquisition work

Shamus Rae, Head of Sourcing at KPMG and a key advocate behind the acquisition of Equaterra commented: “Any acquisition is to some degree a leap of faith, but knowing the cultural fit is right is essential and in my opinion the overriding key to success.”

Shamus shares his top tips for acquisition success:

- Only buy culturally similar companies
- Due diligence is essential. A designated integration executive or owner must be appointed with clear responsibility for the ownership of due diligence
- The integration executive/owner must be tied in to go the distance
- Develop a set of design principals the companies must abide by i.e. move onto financial systems within six months, or centralise cash, regardless. These need to be agreed prior to the acquisition, as there is so much noise after
- When looking for targets, the focus now has to be on real expertise, such as anti-money laundering process expertise. Generic acquisitions across the industry or labour arbitrage plays will no longer deliver

“Equaterra has integrated very well within KPMG. When we did the acquisition we were 150 in sourcing –now we’re 200. Our European growth is going to plan”, Shamus concluded.

There are of course words of caution for providers expanding through mergers and acquisitions. The process of integrating and rationalising different IT strategies, operating systems, cultures and leaderships, as well as different locations, is very complex and makes BAU very difficult. This could result in clients, uneasy about the turmoil such integration may bring to their own critical business, opting to take their business to a more steady ship. However, for many providers, needing the scale to win the big deals. The reward outweighs the risk.